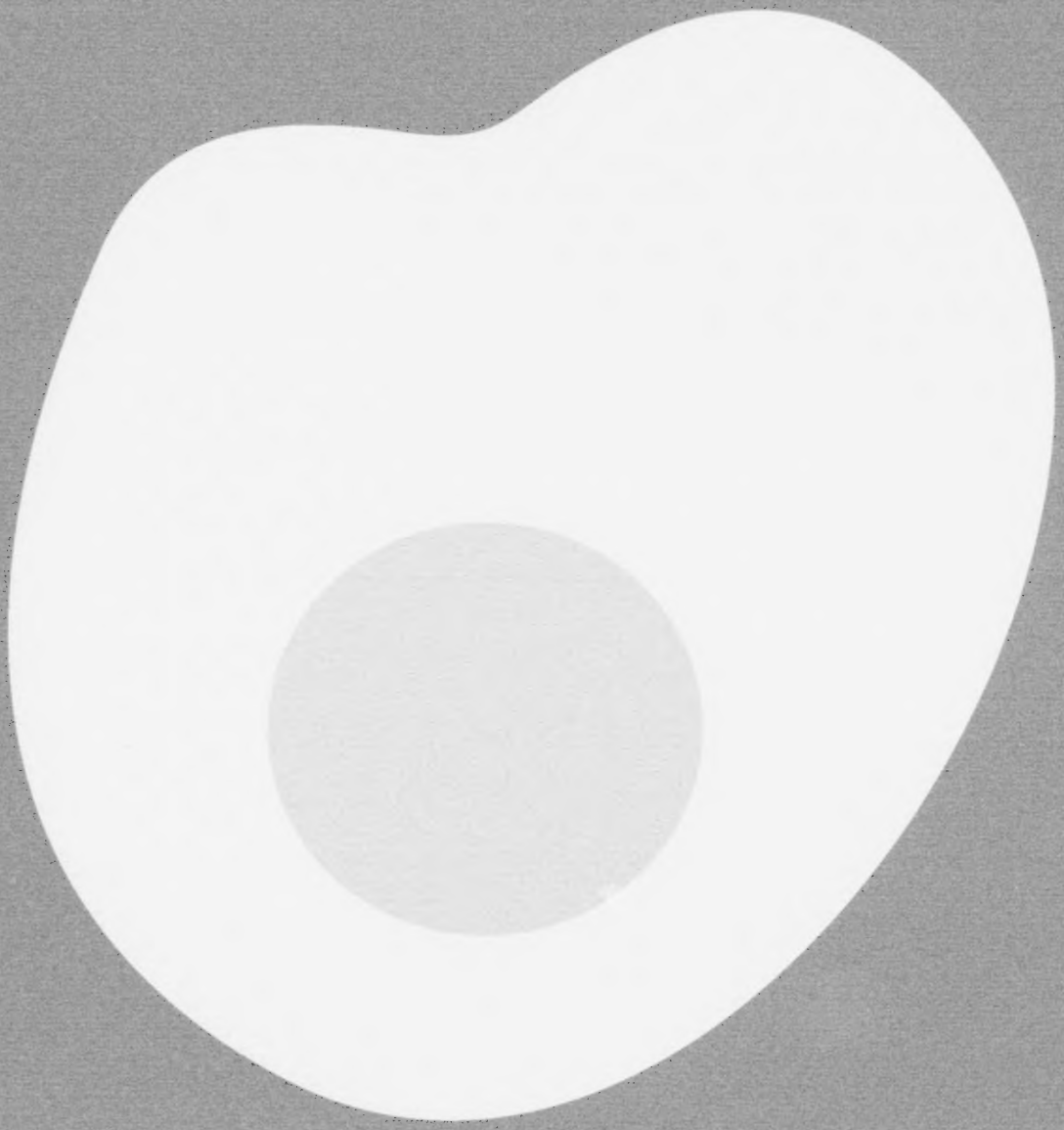

British Columbia Egg Marketing Board

Annual Report 2009

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Introduction

In a modern world where people strive to reconnect with nature, our egg farmers never left it. Before "buy local" and "food security" became today's trends, our egg farmers always provided them. When sustainability is as intrinsic to our livelihood as our need for food, our egg farmers work hard to continue enhancing and improving it. They live it every single day.

Sustainability is responsible efficiency. British Columbia's registered egg farmers and egg industry have already been operating efficiently and responsibly for over 40 years. For the BC egg industry, responsible efficiency is about caring for farms and flocks in a manner respectful of the natural resources entrusted to us so that they remain available and viable for future farming generations. It is also about nurturing "good neighbour" relationships with our stakeholders be they consumers, the neighbours next door, industry partners, government, health professionals, and other businesses and organizations. We take very seriously our mandate to be responsive to marketplace demands, to enhance the value chain from farm to family, and to be responsible environmental stewards. All this so that British Columbians can be proud of every BC Fresh Egg they buy.

It is through the British Columbia Egg Marketing Board that registered egg farmers fulfill their commitments to stakeholders, but, ultimately, egg farmers form the heart of the egg industry. They play an important role in our communities. Our egg farmers have come a long way since "Ol' MacDonald" of yesteryear, yet their same dedication to quality, care and responsibility endures to this day.

As part of the province's front-line food providers, BC egg farmers know first-hand that nutritious eggs come from well-tended flocks. They continue to meet the public's expectations for a diverse and stable supply of local, safe, nutritious, and affordable eggs because they expect it of themselves as well. Almost all of the eggs produced in British Columbia remain in the province – close to home.

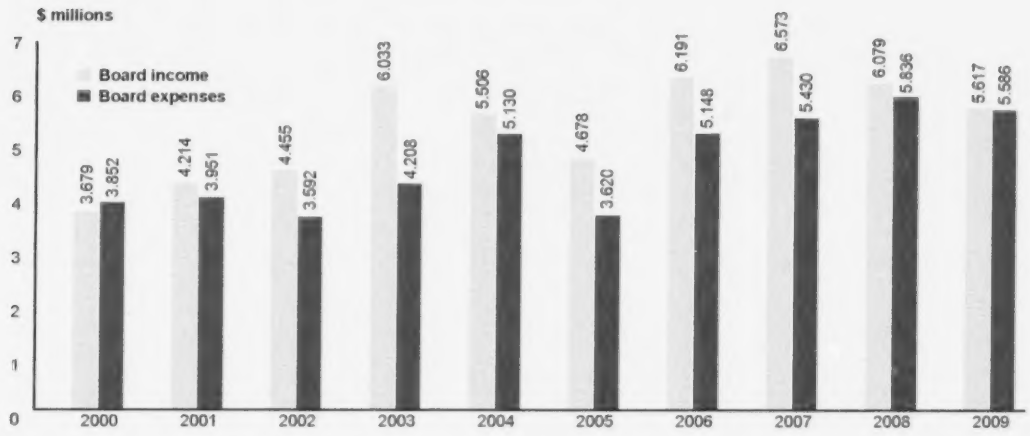
BC egg farmers are professionals and industry innovators who pursue and support science-based improvement for all facets of farming. Hen health and care, food safety, quality testing and assurance, innovation, resource management, nutrition, and education – these are among the many aspects of farming our egg farmers balance to meet the needs of a growing population. Above all else, access to safe and healthy food is a top priority for all Canadians. For our farmers and allied industry partners especially, undue risk to the egg-consuming public is unacceptable. As the first link in the food safety value chain, our farmers deliver on the assurance of safe and nutritious eggs.

Finally, BC egg farmers are citizens who make real and lasting contributions not just within their own communities, but also to neighbouring communities. We may even go so far as to call them community cultivators.

In this Annual Report, we share how the British Columbia Egg Marketing Board conveys the best of our egg farmers through its programs, strategies, and operations. The past year reflects continued growth and leadership, and a renewed outlook to why BC egg farmers care.

Industry at a Glance

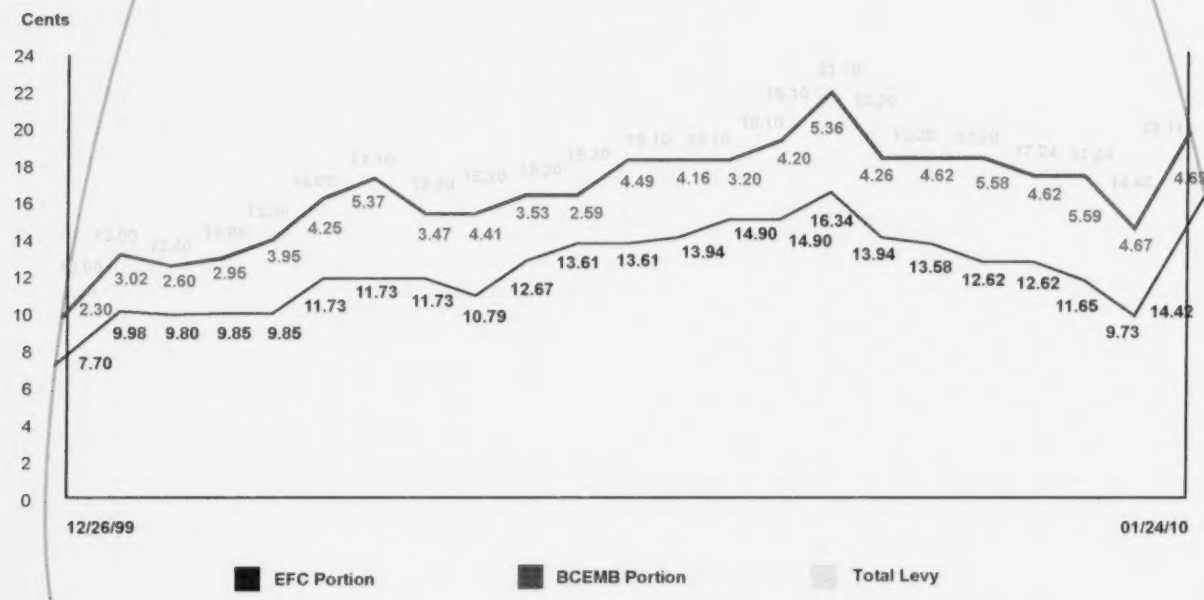
Board Income and Expenses



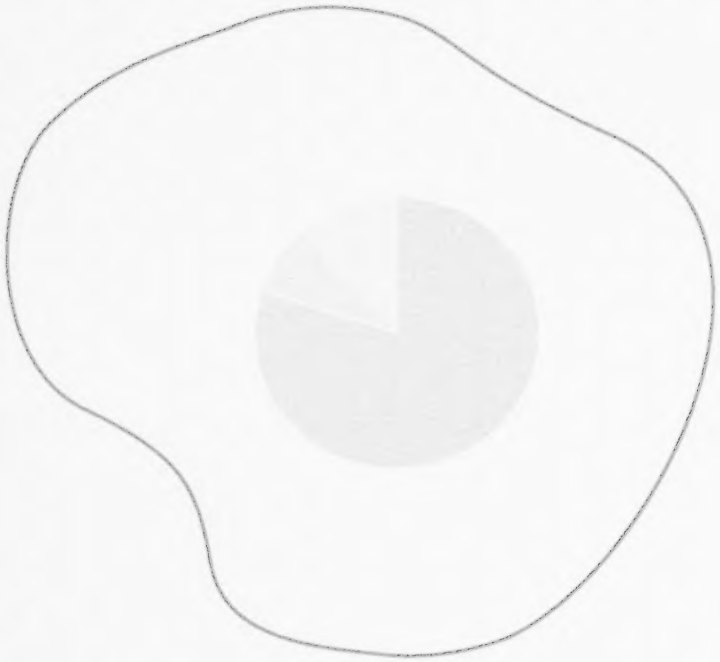
Distribution of Expenses (%)

Expenses	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net IP, Pickup, Fowl	36.89	44.73	39.24	44.16	22.72	68.15	43.27	37.87	36.78	36.76
Board Expenses	13.27	10.56	13.94	13.12	12.52	19.17	11.48	13.32	12.46	13.67
Net Marketing & Communications	18.10	12.71	13.58	13.93	10.11	16.52	15.91	15.85	18.33	15.30
Salaries	17.17	16.72	18.67	16.17	14.66	25.14	19.03	21.97	18.71	20.93
Legal & Consulting	2.69	2.06	3.91	3.14	3.35	4.65	4.61	5.51	4.94	4.84
Other	11.88	13.22	10.66	9.48	36.64	(33.63)	5.70	5.48	8.79	8.49
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.0	100.0

Levy Paid by Registered Producers (Cents per Bird)



Period from 1999 to present

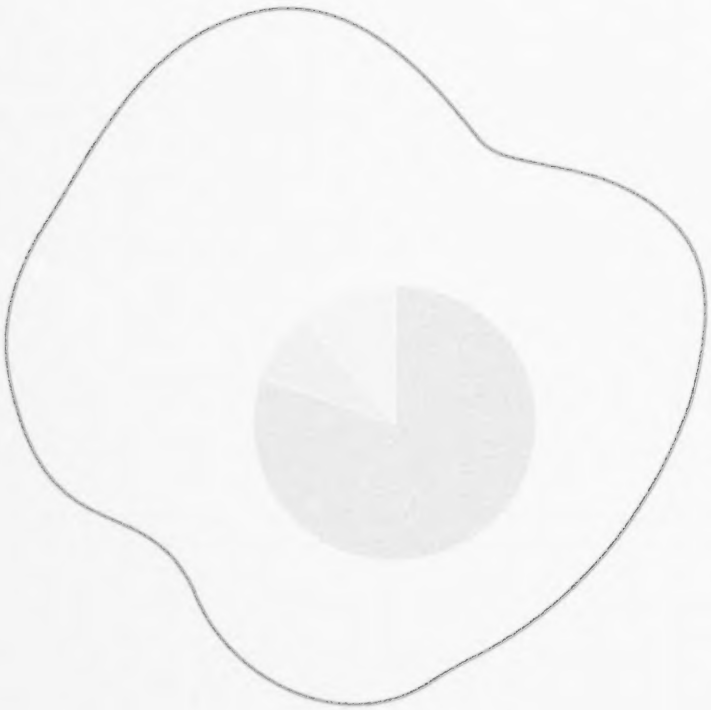


2009

Classic white	80.06%
Classic brown	8.45%
All other	11.49%

Egg Production

2009 vs. 2008

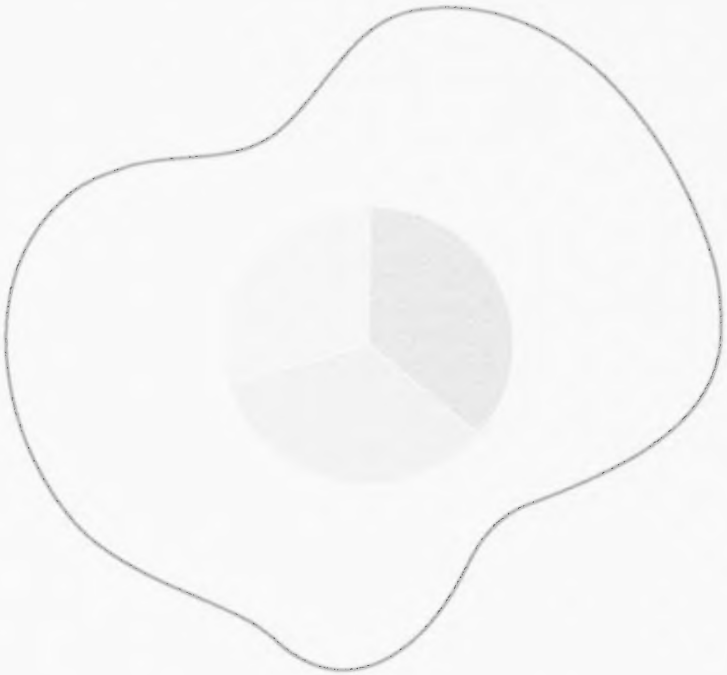


2008

Classic white	80.47%
Classic brown	8.57%
All other	10.96%

2009

Free run	36.27%
Free range	34.15%
Organic	29.57%

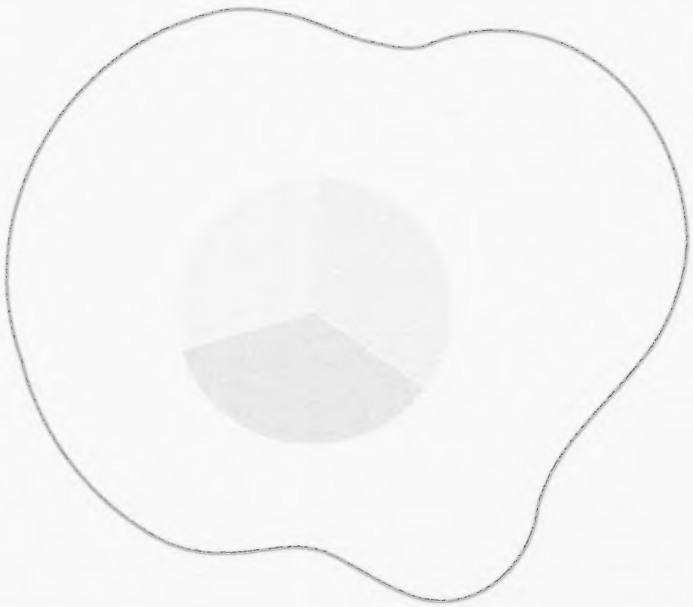


All Other Egg Production

2009 vs. 2008

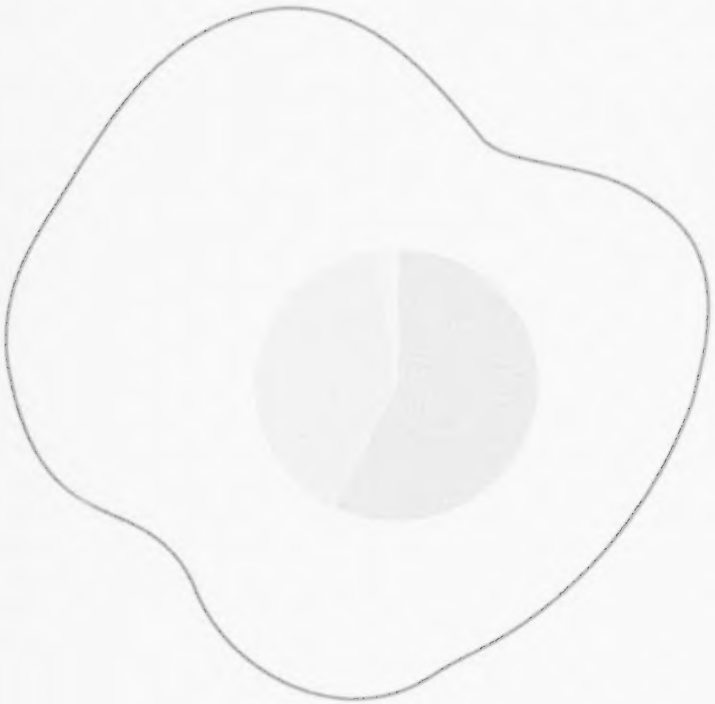
2008

Free run	34.98%
Free range	35.44%
Organic	29.58%



Provincial Quota Exchange

Results – 2009



	Number of Layers	Number of Farms
Quota Offered	24,788	4
Successful Bids	17,588	4
Quota Assessed	879	-

Number of BC Eggs Graded/Farm Gate Value

	Number of BC Eggs Graded	Farm Gate Value
2009	64,607,100 dozen	$102,928,237
2008	63,305,925 dozen	$105,429,588

Average BC Producer Prices for Classic White ($)

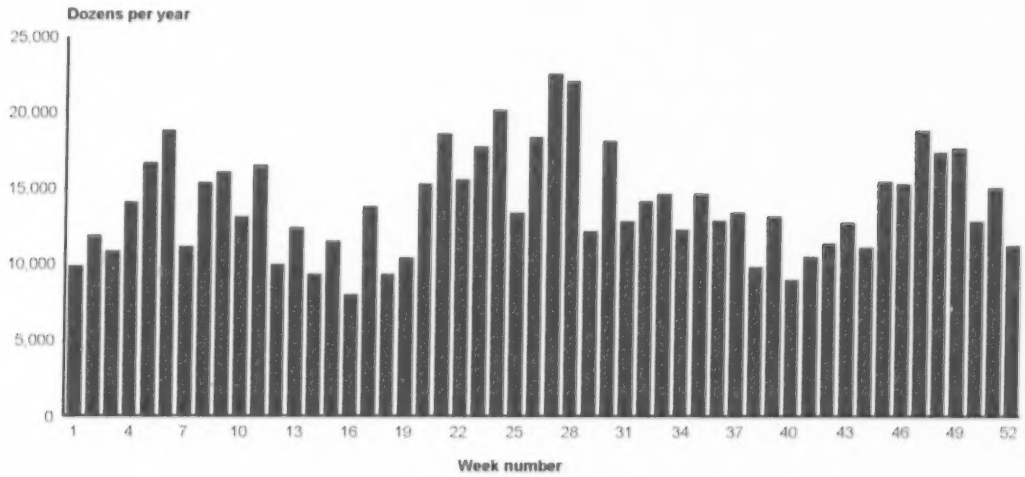
Grade	2004	2005	2006	2007	2008	2009
Jumbo	1.68	1.60	1.61	1.68	1.78	1.72
Extra Large	1.71	1.63	1.64	1.71	1.81	1.75
Large	1.68	1.60	1.61	1.68	1.78	1.72
Medium	1.52	1.44	1.45	1.45	1.57	1.51
Small	1.16	1.08	1.09	1.06	1.16	1.10
Pee wee	0.32	0.35	0.37	0.37	0.37	0.37
B	1.46	1.38	1.39	1.46	1.56	1.50
C	0.51	0.31	0.23	0.28	0.15	0.15

Percentage BC Egg Gradings by Size (%)

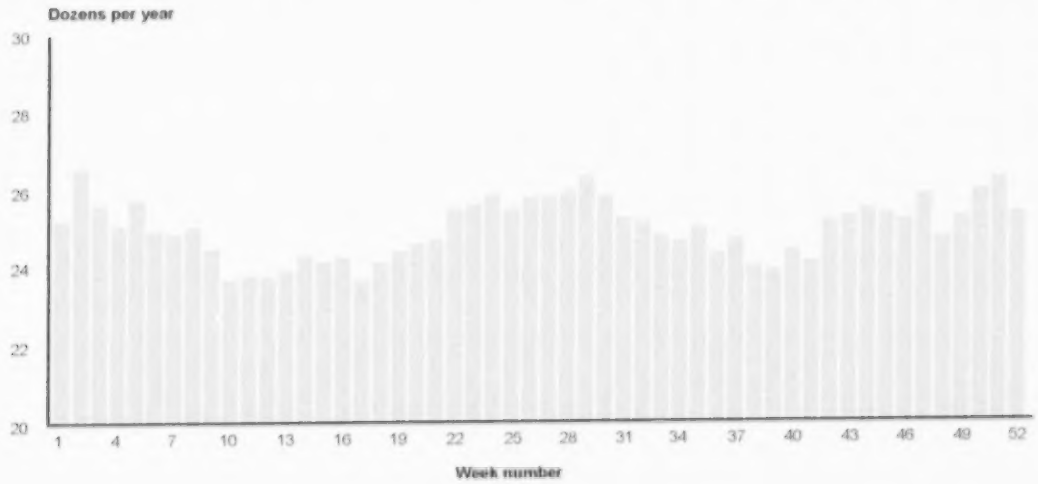
Grade	2004	2005*	2006	2007	2008	2009
Nest Run	9.94	16.00	12.78	9.82	11.06	11.28
Jumbo	3.57	2.84	2.73	3.67	3.92	3.58
Extra Large	16.58	14.54	19.39	24.97	25.34	24.20
Large	46.81	45.08	46.15	42.56	41.40	41.90
Medium	15.42	15.07	12.40	12.35	11.89	12.63
Small	2.23	1.60	1.14	1.36	1.23	1.34
Pee wee	0.40	0.28	0.19	0.23	0.20	0.18
B	0.17	0.08	0.05	0.03	0.02	0.02
C	2.60	2.26	2.86	2.67	2.34	2.46
Rejects	2.28	2.25	2.31	2.34	2.60	2.41
Total	100.00	100.00	100.00	100.00	100.00	100.00

**includes week 53*

Industrial Product by Week



Rate of Lay by Week



Chairman's Report

BC Eggs continued its focus in 2009 on the development of governance and operational policy directed at maintaining the industry as a successful and forward-looking component of the BC food system. Several major areas that will continue to receive attention from the Board are:

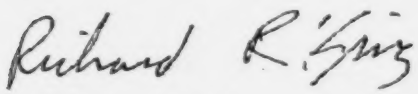
Consumption, Pricing and Production of Eggs
Consumption of fresh eggs increased by four percent in 2009 across all egg types within a stable producer price environment. Higher rates of growth in sales of specialty eggs flattened off as consumers tended to choose lower cost eggs in a recessionary economy. Growth in consumption will be accommodated by a general three percent increase in egg production quota allocation applied across all existing egg production units. An anticipated increase in the rate of growth of free run, free range, and organic eggs will be addressed by a new entrant lottery allocating 12,000 birds of specialty quota to new producers.

Board Services in Biosecurity, Food Safety and Animal Care Standards
The biosecurity system developed by the poultry industry is well established and is being reviewed by outside auditors. The next major component of a biosecurity program is an effective insurance program to compensate producers who, in spite of their best efforts, suffer a loss due to a disease outbreak. Food safety, with a major emphasis on Salmonella, is also being addressed through full implementation of the *Start Clean Stay Clean*™ Program and the introduction in 2010 of a producer-funded insurance plan to cover losses from Salmonella. The board is currently working with the BC government to develop a plan to extend information and services to unregistered small producers in an attempt to enhance food safety and biosecurity to the entire industry.

National Issues
Eggs for processing are an important and growing part of the egg industry and cannot be managed as a surplus removal service to the table egg business. Neither can the process industry continue to receive all the eggs required by their market at a price determined by a formula based on a U.S. spot price. In BC, the British Columbia Egg Marketing Board (BCEMB) plans to have a system in place which would allow for placement of 100,000 birds for production of processed eggs. It is also important to the growth of the specialty market and the functioning of a national system that a national cost of production be established for specialty eggs.

Community and Industry Outreach
The egg industry functions successfully because it is supported by consumers, communities and government at all levels. It is important that producers and egg industry institutions have a plan to maintain that support and engage various stakeholders in meaningful discussion about the future. BC Eggs has retained a new advertising agency and charged it with the challenge of explaining the industry to our stakeholders while reflecting public perception of policies which may need to be reviewed. It is important that the egg industry be fully engaged in BC life, not just as a supplier of a safe and nutritious food.

Internal Operations
As in life, adaptation to change is rarely an option for a business. Board operations are changing at an increasing rate with the introduction of new services, faster turn around in policy development, and massive potential improvements of operations efficiency and a management information system. Downward pressure on costs along with increased demand for service and information will accelerate change in all areas of BCEMB functions and the Board has complete confidence in Executive Director Al Sakalauskas and his team to take the organization forward.



Richard R. King, P.Ag.
Chair

Management Discussion and Analysis

Overview of Preceding Years

Fiscal 2009 vs. 2008

The financial statements reflect the administrative structure to collect levies and disburse proceeds for the purposes of controlling the supply of eggs, administering various producer accreditation programs, and managing and promoting eggs in British Columbia. As a service agent to the national scheme, the BCEMB purchases eggs from producers for resale.

The Board of Directors' expenses had an overall increase of $36,612 over 2008. There was an increase in 2009 in events, research and scholarships, and committee expenses. These increases reflect a redistribution of costs and expenses for better visibility. As well there is a new Board of Directors expense of the BC Dairy, Eggs and Poultry Industries (BCDEPI). The BCEMB's share of this expense was $18,157. The Board expenses over all were below budget, but committee, research, scholarships, and BCDEPI were over budget.

Administration had a small increase over 2008 from $1,894,729 to $1,914,024. This net increase of $19,295 reflects a combination of decreases in bad debt expense and professional services administration, and increases in office-related operational expenditures, salaries and benefits, professional development and legal costs. The increase in professional development was due to ongoing staff training for new and existing staff. The increase in salaries and benefits reflects the organizational changes in staffing and related rates.

As compared to the 2009 budget, salaries and benefits, professional development and legal were over budget. Since the BCEMB was under budget in other administrative areas the net was an over budget of approximately $103,500.

The Marketing expenses for 2009 were $277,213 lower than in 2008. This decrease is due to the change in our advertising agency and reflects a period where our spending was on hold. This decrease also meant we under spent our budget by $118,048.

The Communications expenses for 2009 were $166,466 and were up $63,868 over 2008. This increase is a continuation of the new focus of the BCEMB's communications initiatives. As compared to budget, Communications expenses were $69,034 under budget. This reflects under budget spending for professional services, public relations and over budget spending for public relations sponsorships which included a $25,000 sponsorship for the International Egg Commission Conference held in Vancouver in September.

In 2009, many of the initiatives started in 2008 were completed and in 2010 the BCEMB will continue its system and reporting redesign both in the field and on the administrative side to realign with the Strategic Plan of the organization.

Fiscal Outlook 2010

Strong growth in national egg sales is expected to continue in 2010. As of December 2009, the volume of eggs sold at retail increased by 3.9 percent year-over-year to date. This represents a real increase in Canadian per capita consumption of approximately 2.5 percent. Growth is attributed to the current economic climate as well as successful marketing programs and promotions. The 2010 Winter Olympic Games will further elevate BC egg sales predominantly at the hospitality and foodservice levels.

Challenges to industry growth and fiscal outlook continue to include possible outcomes of the WTO talks. With political and economic climates substantially shifting since the WTO talks started there has been little progress and there continue to be large gaps in negotiating positions.

Expenditures for 2010 are projected to remain generally flat over 2009 actual expenditures. Material changes in expenditures include amortization costs of new equipment, vehicles and furnishings. Collective bargaining remains inconclusive and may influence projected salary costs for 2010. Revenue will increase as a result of the phasing in of new quota issuance.

Key Developments 2009

Quota Distribution Policy
In 2009 the BCEMB submitted its proposal, *Quota Distribution Policy for National and Provincial Allocation*, to the British Columbia Farm Industry Review Board (BCFIRB) for review and approval. On October 30, 2009, BCFIRB approved a three percent increase over current quota on a pro rata basis to all registered egg producers in good standing.

Despite a time- and resource-intensive approval process, the BCEMB achieved the desired outcome. The process was supported by a range of data sources, consultation, policy submission and public debate via the Web, and establishment of quota allocation principles. We anticipate that future key policy decisions concerning the BC egg industry will continue with greater transparency and debate with all industry stakeholders. We encourage all of our registered producers to actively participate in any future policy discussions that affect the egg industry.

New Entrants and Small Lots
Concurrently with BCFIRB's approval of quota distribution, the BCEMB was authorized to proceed with implementing a New Producer Program (NPP) Lottery to accommodate specialty production (organic, free run, free range egg classes) for BC markets. The lottery will award 3,000 units of layer quota to each of four new producers upon successful completion of all NPP terms and conditions. In addition, the BCEMB authorized 10 permits of 399 units or fewer via its unregistered Small Lot Producer Permit Program.

Consolidated Orders
Management and staff worked diligently over the past year to revise the *Standing Orders* (now the *Consolidated Orders*) which provide direction to the BC egg industry for the promotion, regulation and control of the production, transportation, packing, storing and marketing of eggs, including eggs wholly or partly manufactured or processed. The *Consolidated Orders* will be easier to reference and will clarify the obligations and responsibilities of the BCEMB and registered egg producers.

Re-Branding the BC Egg Industry
In the spring of 2009, promotional activities were substantially frozen and the Board gave direction to reassess our marketing expenditure in light of certain threats external to our industry. Through a competitive process we retained a new advertising agency of record. Our business and marketing objectives include promoting the BC egg industry, reconnecting consumers with local egg farmers, fostering opportunities to engage the public in real conversations to address public uncertainty, and ensuring we establish the tone of how we operate.

Start Clean Stay Clean™ and Biosecurity
The BCEMB has assumed the responsibility of delivering the national *Start Clean Stay Clean*™ (SCSC) Program and the mandatory BC Poultry Biosecurity Program. These programs identify, reduce or prevent microbiological, chemical and physical hazards in the production of table eggs intended for human consumption and further processing.

Socio-Economic Impact Study
The BC egg industry, together with four other supply-managed industries, form a substantial part of the social and economic fabric of this province. In 2009, all five supply-managed commodities formed the BC Dairy, Eggs and Poultry Industries (BCDEPI), an organization to represent supply-managed agriculture in British Columbia. BCDEPI commissioned PricewaterhouseCoopers to conduct a province-wide study that outlines the social benefits and economic impacts of the BC dairy, table egg, chicken, turkey, and hatching egg industries.

The comprehensive study found that the economic impacts across the supply-managed chain are estimated to be $1.6 billion in value-added based on the total value chain output of $5.0 billion. Supply management was found to be a significant contributor to provincial employment. Employment in the supply management value chain was comparable to that of the forestry and logging sector at 24,300 employed. The BC table egg industry value chain generates approximately $617.4 million in economic output and contributes an estimated $190.1 million in GDP to the province's economy. About 2,100 jobs are supported directly by table egg production and processing. A further 1,500 are employed in related industries. Consideration is being given to update the study using the latest provincial economic data.

Just as agricultural producers play a role in their communities, supply management serves as a collective extension of producers by supporting the social well-being of communities at a broader scale. Sharing the responsibilities of on-farm food safety, animal care, environmental performance, research and development, and community outreach strengthens the long-term success of farms.

Igniting Conversations
Many British Columbians are hungry to "connect" with their food. As they actively seek opportunities to learn more about their food, our industry has been reaching out by providing opportunities to connect with egg farmers. Talking to a real farmer is a memorable experience for urban dwellers. Our farmers have become more involved at key events over the past few years and, in turn, recount having insightful and positive conversations with the public.

Egg farmers recognize that they have a valuable story to share – and the public welcomes the exchange. In order to make egg farmers even more accessible, we produced *BC Egg Farmers: Caring for the Right Reasons*, a DVD that features conversations with four local egg farmers who speak more deeply about their commitment to their farms, their flocks, their families, and the egg-consuming community. There is more to caring for hens than meets the eye. Caring for the right reasons means caring for more than just one single reason. We posted the DVD on the BCEMB website in the "Farmers Care" section.

Union of BC Municipalities Convention
BC eggs maintained a presence at the Union of British Columbia Municipalities (UBCM) Convention in September. As an annual event, the UBCM Convention remains an excellent opportunity for our industry to build vital connections with local and provincial government officials and representatives. The *BC Egg Farmers: Caring for the Right Reasons* DVD was shown during a delegates' agricultural tour and at the Municipal Marketplace. While a motion was proposed at the 2008 UBCM convention to encourage the production of only a few specific egg types - a motion which was not endorsed by the UBCM Executive - there were no such similar motions proposed in 2009. Any motions related to food production were all in support of BC agriculture. The positive conversations between egg consumers and egg farmers clearly illustrate how strongly the public trusts farmers and how a friendly conversation with a farmer can solidify goodwill.

EFC Director's Report

I am pleased to provide a summary of Egg Farmers of Canada's (EFC) efforts to preserve the foundations of supply management, increase egg consumption, enhance the image of eggs and egg farmers, and strengthen our ability to manage risk across the industry.

EFC's financial position remained robust in 2009, though it did soften steadily over the course of the year. At the end of Period 12 in November, the unrestricted portion of the Pooled Income Fund stood at $36.6 million while the unrestricted portion of the Administration Fund was $1.79 million. EFC expects a year-end PIF balance of $33 million, well within the trigger points established by the Board of Directors. Impacting the financial position in 2009 was a stronger dollar and buyback price, an average U.S. breaker price down 47 percent from a year ago at 54.8 cents, and industrial product declarations that were 2.8 percent lower. In November, the Board of Directors approved a total levy order of 30 cents per dozen for 2010, an increase of 9.75 cents over the previous year. This follows two consecutive years of levy declines totaling nine cents. Farm Products Council of Canada approved the levy order in December with a 2010 federal quota allocation of 20,882,421 layers. Perhaps most important is the March 25, 2009 agreement with Saskatchewan over future quota allocation which positions the entire industry to respond to current and future growth opportunities.

On trade, EFC worked closely with national and provincial supply management partners to ensure politicians heard our messages. Our national supply management coalition maintained a strong presence abroad in Geneva. At home, EFC continued its efforts to garner and secure support through events such as the Parliament Hill Breakfast, keeping regular contact with government officials, and monitoring trade-related issues. The Canadian government pledged its support for egg supply management in keeping with the House of Commons motion of no decrease in over-quota tariffs and no increase to minimum market access. In addition, national and provincial supply management groups backed by the Canadian Federation of Agriculture continued to press provincial and federal ministers for assurances that supply management operations will continue after the renewal of the Agreement on Internal Trade. Looking ahead, EFC will continue to support the government's position at the World Trade Organization and we encourage egg farmers to speak with their local elected officials about supply management at every opportunity.

We continued to strengthen management of the national egg supply and the Industrial Product Program (IPP). In consultation with provincial boards, we revised the Early Fowl Removal and Quota Credits policies and continued work on a flock placement project. Efforts are on-going to develop a pricing mechanism that incorporates value-added pricing in IP. As a primary operational goal, EFC seeks to reduce reliance on levy by increasing IP efficiency. This is why we commissioned a transport study in Western Canada to improve operational responsiveness by optimizing shipping routes.

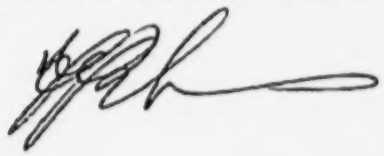
Egg sales continued their upward trajectory into 2009. By December, Nielsen retail sales data showed 3.9 percent growth year-over-year, down slightly from the 4.1 percent increase we achieved in 2008, but still positive. While current economic conditions have played a role in continued growth, it would be short-sighted to dismiss the positive impact of our marketing and nutrition programs. An on-pack promotion with graders helped generate a 2.5 percent increase in retail sales during the four-week promotion period. As part of our cholesterol concerned strategy, we reached 2,100 doctors to say "an egg a day is okay" for patients newly-diagnosed with high cholesterol. On television, our healthy energy message received a boost from our official spokespeople Hayley Wickenheiser and Kim St-Pierre of the Canadian women's Olympic hockey team, while McDonald's ran a successful ad promoting fresh shell eggs for the Egg McMuffin®. EFC also supported numerous hockey and soccer tournaments across the country and proudly sponsored the Canwest Canspell spelling bee.

Egg farmers are stewards of their flocks and the environment. In BC and across the country we are ensuring our farms are maintained according to credible animal care criteria. EFC field inspectors continue to rate farms based on the *Code of Practice* and are striving to achieve full compliance on cage density. EFC held education sessions with stakeholder groups including prominent retailers and foodservice professionals. EFC and the provincial egg boards developed fact sheets which outline the pros and cons of raising urban hens as this is an issue facing some municipal councils.

In late November, we were pleased to receive a letter from the Minister of Agriculture and Agri-Food acknowledging that the current $8 per bird maximum is inadequate for hens ordered destroyed under the *Health of Animals Act*. While the compensation issue is not yet resolved, this was a welcome development. We provided media training for the poultry Emergency Management Team in Nova Scotia, and our representatives sat on several industry-government committees relating to avian biosecurity, traceability, and organic agriculture. EFC continues to support scientific advancement through its support of the Canadian Poultry Research Council and through funding of egg-specific research as determined by the Research Committee.

In September, Canada was proud to host the world at the International Egg Commission (IEC) conference in Vancouver. The conference was a major highlight for the Canadian egg industry and for me personally. It was also among the most successful in IEC history, attracting more than 400 delegates and excellent speakers. Above all, it was a great opportunity for Canadian egg farmers and industry representatives to strengthen relationships with peers from across the globe.

Looking ahead to 2010, EFC will be conducting a new Cost of Production survey. Producer pricing is an essential element of supply management. As Chair of the Cost of Production Committee, I strongly encourage you to participate if you are contacted and asked to do so.



Fred Krahn
EFC Director

Board Governance

The BCEMB Board of Directors (Board) is composed of four elected Directors and an independent Chair appointed by the provincial government.

The Board's mandate is to develop and implement procedures, programs, and initiatives required to maintain and promote the BC table egg industry. The Board also ensures that administration, operation, and management of the organization are performed under best business practices at all times.

Charter of the Board of Directors

The Board of Directors is responsible for supervising the management of the BCEMB's business affairs. It has the statutory authority and obligation to protect and enhance the assets of the BCEMB and the interests of the BC egg industry. Although Directors are elected by BC egg producers to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interest of the entire industry is always paramount.

The involvement and commitment of Directors are evidenced by regular Board and committee attendance, preparation and active participation in setting goals, and required performance in the interests of all producers.

The Executive Director is charged with the day-to-day supervision and management of BCEMB activities. The Board approves the goals, objectives, and policies within which it is managed and evaluates management performance. In turn, Management keeps the Board fully informed, in a timely and candid manner, of the progress of the BCEMB toward the achievement of its goals and of all material deviations from objectives and policies established by the Board.

The Board's principle duties fall into the following areas:

- strategy determination
- risk evaluation
- monitoring and acting
- policies and procedures
- communications
- financial matters and internal controls
- board organization and selection, retention and succession of management
- general legal obligations

Goals and Philosophy of the BC Egg Marketing Board

The BCEMB is committed to supporting BC egg producers in supplying safe, nutritious, and high quality eggs to BC consumers at prices that are fair to both parties. The Board will encourage innovation in production and marketing of eggs, and will fulfill Board responsibilities in an effective and professional manner. Competence, fairness, and ethical behaviour govern the administration of all Board relationships.

Mission

To collaborate with the Egg Farmers of Canada to grow our markets through:

- the development of strong producer programs aimed at meeting the needs of consumers;
- working with BC egg producers to rigorously comply with the programs; and
- respecting our social licence and continually raising the bar on health, safety, and sustainability issues.

Vision

A cohesive, profitable and growing egg industry that meets the needs of consumers in a socially and environmentally responsible manner.

Summary of Committees

The Board has delegated certain of its responsibilities to committees which have specific roles and responsibilities as defined by the Board.

Finance Committee

The Finance Committee has a primary purpose to assist the Board of Directors in undertaking and fulfilling its oversight responsibilities in connection with:

- reviewing and discussing with the auditors and management the audited financial statements and related footnotes included in the Annual Report;
- reviewing the annual budget prepared by management;
- ensuring that an effective system of internal control has been designed and implemented by management;
- reviewing and approving the auditor's annual audit plan and any other non-audit work they perform;
- monitoring the independence and performance of the independent external auditors and, in consultation with management, are responsible for setting the auditor's compensation;
- providing effective communication among the Board, management, and the auditors.

Respectfully submitted,
Walter Siemens, Chair

Egg Industry Advisory Committee

The Egg Industry Advisory Committee (EIAC) operates as an advisor to the Board of Directors at either the Board's request or on its own initiative to consider recommendations made by the Board with regard to decisions relevant to the egg industry. The EIAC was established in accordance with the *British Columbia Egg Marketing Scheme, 1967*, and is comprised of appointed members that include producers and representatives from allied trade partners such as breeders, processors, and graders.

In 2009, the Committee reviewed the BCEMB Management's proposed options for quota allocation as part of a consultation process to determine distribution of the new quota issuance from Egg Farmers of Canada. Such a process reflects a collaborative approach which ensures transparency and observes business best practices thereby raising producer confidence that a full study has been completed before the Board makes significant decisions that affect BC egg producers and industry partners.

Going forward we welcome EIAC's continued contribution to important industry decisions.

Respectfully submitted,
Margaret Oesterle, Chair

Production Management Committee

The Production Management Committee (PMC) is a producer-managed committee that serves as an advocate for and peer advisor to registered BC egg farmers concerning sound farm and flock management practices. As responsible caregivers to egg-laying flocks, our farmers observe the standards and programs established by provincial and national regulators for on-farm food safety, animal care, environmental stewardship, and biosecurity. Such issues reflect the responsibilities our egg farmers shoulder in their day-to-day activities.

Attention to these issues also has significant bearing on positive community relationships. This is especially true as residential development increasingly intermingles with existing agricultural operations. The PMC receives and addresses formal complaints and helps to resolve the issue. Being a good neighbour is important to our farmers. Many people enjoy living near farms, but they may not fully understand the professional farming life. The PMC, therefore, also succeeds as a liaison for non-farming neighbours.

Ensuring Food Safety & Flock Health
The public can be assured that they receive the highest quality eggs from healthy, well-cared-for flocks. Through the national SCSC Program, registered BC egg farms are regularly screened for *Salmonella enteritidis* (Se) bacteria. The SCSC Program is a Hazard Analysis Critical Control Points (HACCP)-based national food safety program that focuses on sound management practices and operating procedures to reduce, prevent, or eliminate potential hazards in the Canadian egg industry.

A number of issues arose throughout the year that hampered annual farm inspections. There was an incident of low pathogenic avian influenza on two turkey farms in January which was quickly contained and resolved, but which nonetheless reduced the number of farm visits possible in 2009. A number of cases of other reportable poultry illnesses occurred throughout the year. Consequently, a total of 79 SCSC ratings were given in 2009 with an average score of 92.8 percent. Sixty-six farms scored above 90 percent with 47 of those farms scoring above 95 percent.

A new SCSC Pullet Program is in its finalization phase before being launched. At present, Se testing takes place for chicks at hatcheries and laying hens at farms, but not for pullets. The SCSC Pullet Program is intended to complete the food safety value chain. This program is slated to launch in 2010.

In addition to the national SCSC Program, all of our egg farmers adhere to the mandatory BC Poultry Biosecurity Standards. British Columbia is the first and only province to develop and activate such standards to protect flocks from a variety of infectious poultry diseases.

BC egg farmers also participate in the national Animal Care Program (ACP) which is delivered by representatives from Egg Farmers of Canada. In 2009, 100 ACP ratings were conducted on BC egg production facilities resulting in a 95.1 percent provincial average.

Recognizing Egg Farmer Excellence
The *Producers of the Year* Awards were created by the PMC to identify and honour BC egg farmers who excel in food safety and animal care practices. We are pleased to report that there are 12 egg production units that achieved and maintained full accredited status in 2009. One farm which was the first farm to become accredited has completed a full five-year cycle of accredited status.

Producers of the Year are recognized for their excellence in the following areas:

- A minimum of 95% on the SCSC (Layers) Program,
- A successful SCSC (Part 3) audit with accompanying HACCP certification,
- A minimum of 95% on the Animal Care Program,
- Must be in good standing with the BCEMB.

These proactive measures ensure that the BC egg industry continues to provide comprehensive health management and care to animals while providing the safe and nutritious eggs that the egg-consuming public has come to expect.

Respectfully submitted,
John Penner, Chair

Marketing Committee

Recipe For Life
Cultivating meaningful and memorable connections between British Columbians and food characterize our "recipe for life" philosophy: balanced nutrition, an active lifestyle, and family and friends with whom to share it all. BC eggs fit perfectly into this recipe for life.

Integral to our "recipe for life" is our desire to foster healthy eating habits in the younger generation. Our children are particularly vulnerable to poor eating habits and choices. Our egg farmers feel strongly about reaching out to students and schools. Planting the seeds of good nutrition in our children and youth means equipping them with the knowledge that eggs are among the healthy choices available.

British Columbians, including BC egg farmers and their families, cherish an active lifestyle. To celebrate this, and because eggs are a natural fuel as we pursue our favourite sports, hobbies, and activities, the BCEMB supported youth sports by sponsoring events through the British Columbia Golf Association and the Vancouver Sun Run.

During our second year with the BCGA, and in partnership with BC School Sports, the BCEMB continued as Official Sponsor of the BC Secondary School Golf Championships. Qualifying secondary school students arrived at participating Fraser Valley golf courses at the end of May to play for the championship trophies in the A, AA, and AAA divisions. Also, the first "BC Fresh Egg Scramble" took place at the end of August with mixed foursomes to pay tribute to the sport of golf.

BC Fresh Eggs was also the Official Sponsor of the School Team Division in the 2009 Vancouver Sun Run. Out of a total of almost 56,000 participants, 7,596 elementary students were registered in 177 school teams. One of our local egg farmers represented BC Fresh Eggs at the School Team awards ceremony to celebrate all students who love to run.

Nurturing New Growth on a Solid Foundation
How do we raise the bar on our "recipe for life"? The BCEMB embarked on two new initiatives in 2009 that truly build upon existing relationships and nurture new ones. These partnerships are especially powerful as they enable students to share their experiences and newfound knowledge with friends and family, essentially becoming Egg Ambassadors. Both programs emphasize BC-grown food.

Take a Bite of BC

As a continuing Grand Donor of the BC Agriculture in the Classroom Foundation (BCAITC), the BCEMB is especially proud to have been a part of the Take a Bite of BC Program launch. This pilot program promotes and provides BC agri-food products to teaching kitchens in BC secondary schools with culinary arts programs. Teaching kitchens are fully equipped with commercial facilities allowing culinary students to prepare for future apprenticeships and to develop as professionals. While the young chefs-to-be created meals and dishes that were featured in their school cafeteria menu, marketing classes got involved with the promotion of the Take a Bite of BC Program and BC products to the rest of the student body.

Through the generous product donations of many primary BC producer and grower associations, funding from the agricultural advisory committees of the Fraser Valley and Greater Vancouver Regional Districts, and distribution assistance from a local transport company, Take a Bite of BC reached 14 teaching kitchens in its first year, almost a quarter of the total number of teaching kitchens in the province. Producer and grower associations also provided educational resources about their respective product and industry.

From September to December, each month featured a specific combination of food products. BC eggs were featured with milk, cheese, and mixed potatoes during November. Additional products included turkey, chicken, beef, pork, blueberries, cranberries, root vegetables, frozen vegetables, cole crops, and greenhouse vegetables.

Overwhelming positive feedback from the students, teachers, and culinary instructors clearly demonstrates that the Take a Bite of BC Program leaves a lasting impression, not only for the participating secondary schools, but also for the food producers and growers involved. There is no greater satisfaction for BC farmers when their product is sought after and appreciated.

Eggs Go for Gold School (EGGS) Program
The BCEMB and the Canadian Paralympic Committee (CPC) formed a gold-medal partnership to support Canadian Paralympians and to initiate the Eggs Go for Gold School (EGGS) Program, an elementary school outreach program with an Egg Ambassador promoting BC eggs and their role in fueling a healthy active lifestyle.

Our Egg Ambassador, BC Paralympian Andrea Holmes, is a decorated Paralympic athlete who visits schools to share her remarkable story and describes how eggs help to fuel her performance. Andrea was born without the lower portion of her left leg, yet has been involved with sports all her life. She is a multiple Canadian Paralympic Champion in the long jump and 100 metre run. Andrea also represented Canada at the 2006 World Championships and at the 2004 Paralympic Games in Athens, Greece.

The EGGS Program officially launched in Abbotsford in October. By the end of the 2009-2010 academic year, Andrea will have visited six schools in the Fraser Valley, on Vancouver Island, and in Vancouver. The EGGS Program is flexible enough to customize the program in different regions.

In Vancouver, the BCEMB partnered with Project CHEF operated by Chef Barb Finley. Project CHEF (Cooking Healthy Edible Food) is a traveling, fully-equipped, skills-building cooking program that spends a week at various schools in the Vancouver School District. During the week, students learn and practice kitchen safety and cooking fundamentals while discovering the nutrition and "yummy" factor of locally-produced ingredients, some of which many students had never tasted before. By showing on a map of British Columbia where the ingredients were sourced, students see for themselves that "local" foods come from all over the province. On "Egg Day", whole wheat pancakes were made with BC eggs, milled flour from the Interior, and topped with a bubbling BC blueberry sauce made from scratch.

On Vancouver Island, the BCEMB partners with the BC Agriculture in the Classroom Foundation. Reaching BC schools is their specialty and we are proud that this alliance demonstrates a growing synergy between our two organizations. Together, the BCAITC's popular Fruit and Vegetable Nutrition Program and the BCEMB's EGGS Program will combine to form a school outreach that is all about BC eggs and agriculture. Local egg farmers are directly involved by donating eggs to the EGGS Program for events taking place on Vancouver Island. We chose elementary schools that participate in the Nutrition Program and are close to secondary schools with a teaching kitchen. The culinary arts students will prepare an egg-based dish and join the elementary students in the feast.

Instilling children and youth with the values and facts of eggs is only a part of the story. Many people contribute to the success of our programs. From egg farmers to students, and from Paralympians to educators, BC Eggs is moving forward to a podium-worthy presence by providing students with a memorable experience that they can savour through all of their senses. That is how the BCEMB is raising the bar on our "recipe for life".

Generosity at Our Core

In British Columbia, we are fortunate to be able to grow a wide variety of fresh agricultural food products, yet it is an unfortunate reality that many people experience hunger on a daily basis. Our farmers know first-hand what a privilege it is to provide fresh and safe food, and what it means to families to be able to eat a nutritious meal. Although egg farmers provide British Columbians with a choice of affordable eggs, and the egg industry will work hard to ensure that this never falters, there are those who need an extra helping hand.

In an effort to do our part and to help the Union Gospel Mission (UGM) feed those less fortunate, BC egg and turkey farmers have collaborated annually since 2005 to organize and host the BC Turkey and Egg Charity Golf Tournament. This event is a joint fundraiser to provide the UGM with locally-produced eggs and turkey meat.

Because our farmers and event sponsors feel strongly about feeding families, our tenet has always been to use 100 percent of all proceeds raised through this event exclusively to purchase the food. Through generous donations and sponsorships, tournament participants helped raise a cumulative total of $95,965 over the past five years with $34,298 raised in 2009 alone. With every year the fundraiser tournament takes place, there is a greater amount of funds raised. We are sincerely thankful to those who cared and shared the experience through their participation and support.

Respectfully submitted,
Walter Siemens, Chair

Specialty Egg Committee

The Specialty Egg Committee (SEC) was established under the direction of BCFIRB in 2005 to report to the BCEMB with recommendations for policies regarding egg supply and demand.

Specifics of these recommendations include:

- recommendations concerning specialty markets and specialty production;
- monitoring market conditions, including supply, demand and price, and making recommendations to the Board to ensure the orderly marketing of specialty products;
- recommendations concerning periodic allocation requirements;
- ensuring that policies and procedures are established and maintained for the distribution of allocation in a specialty pool;
- assisting in development of on-farm food safety and biosecurity protocols appropriate for specialty producers;
- making recommendations when minimum pricing needs to be established for specialty products.

In other words, the purpose of the Committee is to help the BCEMB maintain a stable and efficient market that meets consumer demands.

The specialty egg market is defined as having attributes that are outside mainstream production that include either special feed as in organic, or that meet specific environmental criteria in the raising of hens such as free range and free run. These characteristics are consumer-driven and the Specialty Egg Committee continues to ensure that the market responds to end-user preferences.

Specialty egg producers, graders, processors, and one BCEMB Director who make up this committee assist the BCEMB in its obligation to adhere to all requirements. It is also the Committee's goal to advise the BCEMB to provide enough flexibility in a reasonable way to be able to respond to fluctuations in consumer demand.

Specialty production and marketing can be affected by a variety of issues including national allocation systems, quota management, exemption levels, support to regions, levies and fees, governance, biosecurity, and food safety.

As the Specialty Egg Committee enters into its fifth year of organization, there have been fewer challenges, demonstrating that this segment of the industry is well-established, successful, and market-responsive. I look forward to working another year with this committee.

Respectfully submitted,
Margaret Oesterle, Chair

Management's Responsibility for Financial Reporting

The financial statements of the British Columbia Egg Marketing Board have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial statements are prepared in a timely manner.

The BCEMB maintains a system of internal accounting and administrative controls. They are designed to test the adequacy and consistency of internal controls, practices, and procedures. As independent auditors appointed by the Board of Directors, Meyers Norris Penny LLP has audited the financial statements of the BCEMB. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the BCEMB.

Al Sakalauskas
Executive Director
February 12, 2010

Audited Financial Statements

December 26, 2009

Auditors' Report

To the Members of BC Egg Marketing Board:

We have audited the statement of financial position of BC Egg Marketing Board as at December 26, 2009 and the statements of operations, changes in net assets and cash flows for the 52 week period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 26, 2009 and the results of its operations and its cash flows for the 52 week period then ended in accordance with Canadian generally accepted accounting principles.

Abbotsford, British Columbia

Meyers Norris Penny LLP

January 29, 2010

Chartered Accountants

300 - 2975 Gladwin Road, Abbotsford, British Columbia, V2T 5T4, Phone: (604) 853-9471, 1 (877) 853-9471

MNP

BC Egg Marketing Board
Statement of Financial Position
As at December 26, 2009

	2009	2008
Assets		
Current		
Cash	**5,517,315**	4,318,555
Accounts receivable *(Note 3)*	**2,803,228**	2,437,728
Prepaid expenses and deposits	**29,475**	53,576
	8,350,018	6,809,859
Capital assets *(Note 4)*	**471,426**	159,468
Long-term investments *(Note 5)*	**2,869,505**	2,885,198
	11,690,949	9,854,525
Liabilities		
Current		
Accounts payable and accruals	**2,159,918**	336,403
Accrued liabilities	**950,452**	1,169,768
Levies transferable to EFC	**764,581**	563,521
	3,874,951	2,069,692
Net Assets		
Investment in capital assets	**471,426**	159,468
Unrestricted	**7,344,572**	7,625,365
	7,815,998	7,784,833
	11,690,949	9,854,525

Commitments (Note 6)

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board

Statement of Operations

For the 52 week period ended December 26, 2009

	2009	2008
Revenue		
Levies and license fees (Note 7)	**5,786,291**	5,611,258
Less: transferred to Western pool	**(267,381)**	(228,441)
	5,518,910	5,382,817
Sale of eggs to grading stations	**102,928,237**	105,429,588
Less: purchase of eggs from producers	**(102,922,944)**	(105,409,954)
Interest and sundry income	**85,113**	305,113
Total revenue	**5,609,316**	5,707,564
Expenses *(Schedule 1)*		
Administrative expenses	**1,914,024**	1,894,729
Board expenses	**763,693**	727,081
Marketing expenses	**687,952**	965,165
Provincial industrial product and post farm gate costs	**2,053,366**	2,146,059
Communication expenses	**166,467**	102,598
Total expenses	**5,585,502**	5,835,632
Excess (deficiency) of revenues over expenses before other items	**23,814**	(128,068)
Other items		
Other income	**7,351**	371,314
Excess of revenues over expenses	**31,165**	243,246

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board

Statement of Changes in Net Assets

For the 52 week period ended December 26, 2009

	Investment in capital assets	*Unrestricted*	*2009*	*2008*
Net assets beginning of year	159,468	7,625,365	**7,784,833**	7,541,587
Excess of revenues over expenses	–	31,165	**31,165**	243,246
Change in investment in capital assets	311,958	(311,958)	**–**	–
Net assets, end of year	**471,426**	**7,344,572**	**7,815,998**	7,784,833

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board
Statement of Cash Flows
For the 52 week period ended December 26, 2009

	2009	2008
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	31,165	243,246
Amortization	64,922	48,688
Bad debts	6,913	97,153
Equity loss on investment	54,693	–
	157,693	389,087
Changes in working capital accounts		
Accounts receivable	(372,413)	376,057
Prepaid expenses and deposits	24,101	11,608
Accounts payable and accruals	1,805,259	(1,399,936)
	1,614,640	(623,184)
Financing activities		
TRQL refundable license fees	–	(104,173)
Investing activities		
Purchase of capital assets	(376,880)	(148,253)
Proceeds on disposal of capital assets	–	8,500
Interest income credited to investments	(39,000)	(139,197)
	(415,880)	(278,950)
Increase (decrease) in cash resources	1,198,760	(1,006,307)
Cash resources, beginning of year	4,318,555	5,324,862
Cash resources, end of year	5,517,315	4,318,555
Supplementary cash flow information		
Interest paid	6,349	2,233
Interest received	85,113	200,539

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board
Notes to the Financial Statements
For the 52 week period ended December 26, 2009

1. Incorporation and commencement of operations

The British Columbia Egg Marketing Board ("the Board") was established in 1967 under the *Authority of the Natural Products Marketing (B.C.) Act*. The Board operates under the British Columbia Egg Marketing Scheme, 1967, respecting the control, management and promotion of the marketing of eggs in British Columbia.

The Board purchases eggs from producers for resale and acts as the B.C. agent for the Egg Farmers of Canada ("EFC") for collection of EFC's administration levies and industrial product removal levies, and administers various national egg movement programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

Investments
The Board accounts for its 50% interest in Central Agricultural Facility Ltd. ("CAFL") using the equity method. Under the equity method, the investment is recorded at original cost plus the Board's share of undistributed earnings (loss) since inception. The statement of operations includes the Board's share of investee income or loss for the year.

The Board has designated it's advances to CAFL as loans and receivables and records them at amortized cost, which is equal to the carrying amount.

Equipment
Equipment is recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate	
Automotive	33	%
Computer equipment	20-33	%
Office equipment	20-33	%
Leasehold improvements	10	years

2. Significant accounting policies
(Continued from previous page)

Revenue recognition
Revenue from sales of eggs, including associated levies, are recognized on a weekly basis as the grading process is completed.

Marketing levies collected on the special permit birds are recognized as revenue when the associated services are provided and the related expenditures are incurred. Prepaid levies that have been collected for producers in advance of the related production week are recognized as revenue when the production week occurs.

Income taxes
The Board is registered as a not for profit organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes.

Employee future benefits
The Board's pension plan is a defined contribution plan and contributions are expensed as required.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

Held for trading:
The Organization has classified the following financial assets and liabilities as held for trading: cash and deposits and long-term advances. These instruments are initially recognized at their fair value.

Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

Loans and receivables:
The Organization has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the settlement date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Other financial liabilities:
The Organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

3. Accounts Receivable

	2009	2008
Egg, levies and license fees	2,803,228	2,437,728

4. Equipment

	Cost	Accumulated amortization	2009 Netbook Value	2008 Netbook Value
Automotive	66,005	22,915	43,090	29,607
Computer equipment	208,843	77,731	131,112	83,891
Office equipment	142,291	111,706	30,585	45,970
Leasehold improvements	266,639	–	266,639	–
	683,778	212,352	471,426	159,468

5. Investment

The Board's investment in Central Agriculturally Facility Ltd. ("CAFL") includes the following:

	2009	2008
Shares – 50% interest	1	1
Advances without fixed terms of repayment or interest	1,752,530	1,713,530
Advances without fixed terms of repayment, including interest at prime less 1.75%	1,300,000	1,300,000
Equity loss since inception	(183,026)	(128,333)
	2,869,505	2,885,198

The Board used CAFL's December 31, 2009 financial statements to report its equity interest, which are audited by another firm of public accountants.

6. Line of credit

The board obtained an operating line of credit with the Royal Bank of Canada to purchase a building. The operating line entitles the Board to borrow a maximum of $120,000 with interest at the bank prime rate, and is secured by all assets of the Board. The operating line was not utilized as of December 26, 2009.

7. Levies and license fees:

Levies are imposed on egg producers by the Board and EFC. The Board acts as an agent to collect and remit levies to EFC. These levies are not included in revenue of the Board.

	2009	*2008*
Total levies and license fees collected from producers	**18,146,620**	21,676,233
Less: levies remitted to EFC	**(12,360,329)**	(16,064,975)
	5,786,291	5,611,258

8. Related party transactions

The Board provides operating grants to various Egg Producer Associations.

During the year the Board paid rent in the amount of $103,800 (2008-$103,800) to Central Agricultural Facility Ltd. ("CAFL") on a month to month basis. In addition, the Board received interest income in the amount of $39,000 (2008 - $38,740) from CAFL.

9. Financial instruments

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments
The carrying amount of cash, accounts receivable, accounts payable and accruals and levies transferable is approximated by their fair value due to their short-term nature.

Credit risk
The Board is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. In addition, there is a concentration of transactions carried out with entities with similar economic conditions such that they could be similarly affected by changes in economic conditions. The Board does not directly hold any collateral such as security for financial obligations.

The Board believes that credit risk and concentration of credit risk are limited due to the quality of parties extended credit and the history the Board has with these entities. The Board maintains allowances for potential credit losses and any such losses to date have been within management's expectations. These allowances are determined by consideration of economic conditions, historical information, and accounts past. The allowance is calculated on a specific identification basis. Amounts subsequently recovered which were written off are credited to the allowance accounting in the period of recovery.

10. Pension plan

The Board's pension plan is administered by the Teamster's Union and is a defined contribution plan. Pension expense of $48,338 (2008 - $47,000) has been included in salaries and benefits.

11. Capital management

For its own purposes, The Board defines capital as the sum of net assets and invested in capital assets and unrestricted net assets. The Board is not subject to externally imposed requirements on capital. The Board's objectives when managing capital are to match generally the structure of its capital to the underlying nature and term of the assets being financed and to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events in order to maintain stability in the financial structure. The Board holds cash and maintains a backup credit facility with a chartered bank to ensure sufficient liquidity.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

BC Egg Marketing Board
Notes to the Financial Statements
For the 52 week period ended December 26, 2009

Schedule 1 - Schedule of Expenses

	2009	*2008*
Administration expenses		
Amortization	**64,922**	48,688
Bad debts	**6,913**	97,153
Computer	**38,909**	8,267
Insurance	**24,434**	21,164
Legal	**135,132**	91,113
Miscellaneous	**32,964**	29,802
Professional development	**50,306**	9,054
Professional services	**135,299**	197,277
Rent	**103,800**	103,800
Repairs and maintenance	**5,047**	2,053
Salaries and benefits	**1,169,217**	1,091,676
Supplies and postage	**31,819**	26,643
Telephone	**20,769**	23,618
Travel	**94,493**	144,421
	1,914,024	1,894,729

Board expenses		
Annual general meeting	**46,144**	43,889
Association grants	**59,972**	78,235
Board members	**372,560**	422,399
Committees	**48,243**	35,443
DEPI	**18,157**	–
Events	**74,749**	31,658
Memberships	**21,012**	24,640
Professional services	**15,289**	27,689
Research and scholarships	**107,567**	63,127
	763,693	727,081

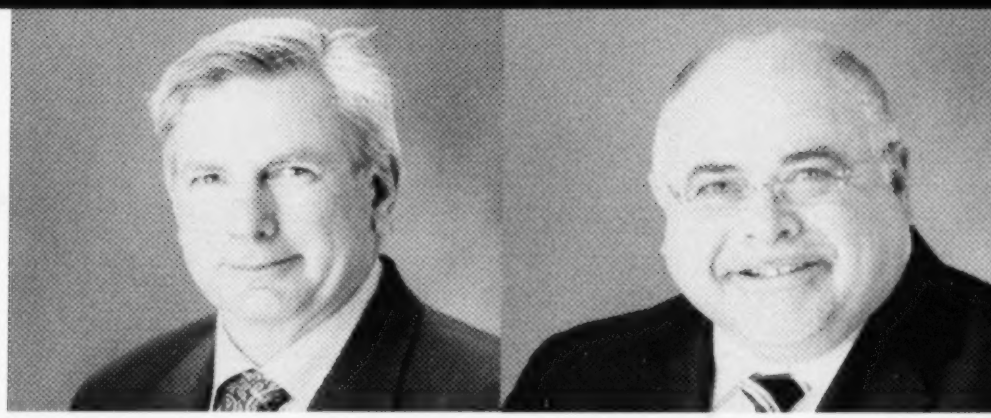
Schedule 1 - Schedule of Expenses (cont'd)

	2009	*2008*
Marketing expenses		
Education expense	**6,440**	10,741
Memberships	**1,114**	2,495
Miscellaneous	**682**	2,074
Professional services	**55,061**	81,150
Retail and food services program costs	**571,830**	838,308
Spot promotions	**48,466**	21,171
Travel	**4,359**	9,226
	687,952	965,165

Provincial industrial product and post farm gate costs:		
Industrial products costs	**16,871,219**	17,870,909
Farm pickup costs	**946,502**	926,331
Fowl removal	**762,323**	647,258
EFC recoveries	**(15,880,338)**	(16,685,150)
Fowl removal recoveries	**(652,660)**	(624,439)
Other	**6,320**	11,150
	2,053,366	2,146,059

The Board is EFC's agent for the industrial product removal and ungraded movement. Payments are primarily to grading stations.

Communication expenses		
Miscellaneous	**2,011**	406
Professional services	**86,987**	81,121
Public relations	**42,969**	15,949
Spot promotions	**31,838**	1,150
Travel	**2,662**	3,972
	166,467	102,598



Board Of Directors (from left to right)

Richard King

Richard was born in Penticton and grew up in Victoria and Kelowna where he lives today. With a Bachelor of Science (Agriculture) from the University of British Columbia, he began his working career in the forest industry and transferred to the Okanagan Tree Fruit industry in 1973 as a production and market planner at BC Tree Fruits Ltd.

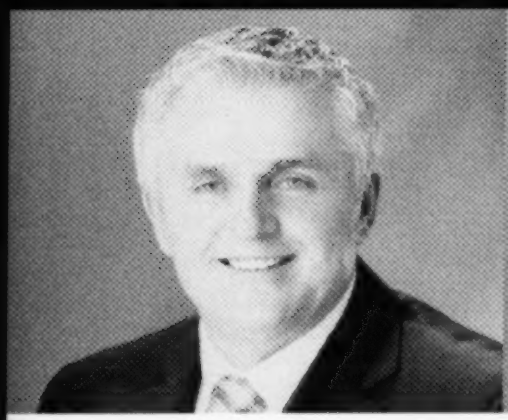
Over the last 29 years Richard has held various management and executive positions with the fruit packing and marketing sector of the tree fruit industry as:

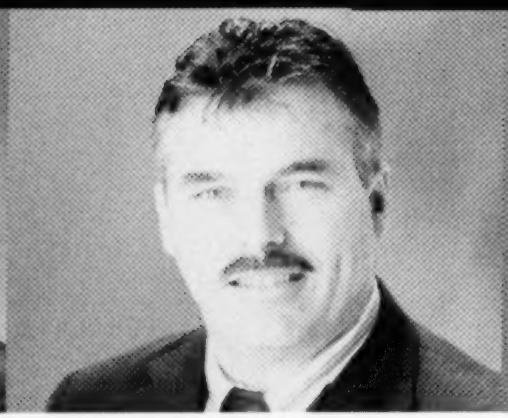
- General Manager of BC Fruit Packers
- President of Okanagan Federated Shippers Labour Relations Association
- President of the Tree Fruit Industry Research Group
- Director of the Canadian Horticultural Council
- Director of the Fruit and Vegetable Dispute Resolution Corporation

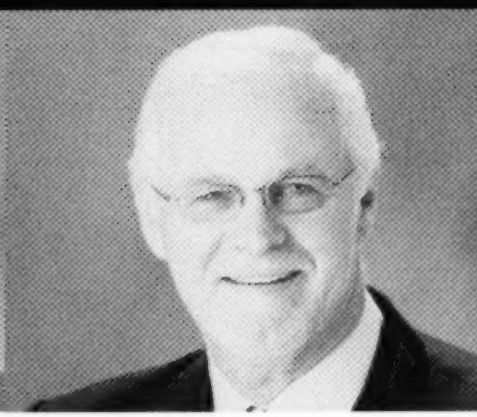
Richard retired from the corporate side of the tree fruit industry in 2005 to operate his 10-acre apple orchard and complete a Master's degree in Environmental Science, Economics, and Political Science at UBC Okanagan.

Fred Krahn

Fred Krahn was raised on a berry and poultry farm. Together with his brother, they expanded their layer operation to include broilers, turkeys and pullets. Eventually, they also moved into the feed and feed processing business, and diversified further into real estate, construction, and land development. His desire to see the BC egg industry become effective at the national level motivated Fred to become involved in marketing boards at their inception. Consequently, Fred has served in various capacities, on numerous boards and associations including the BC Egg Marketing Board, BC Chicken Marketing Board and the Egg Farmers of Canada. Presently, he is a Director on the BC Egg Marketing Board and serves on the Executive Committee of Egg Farmers of Canada. Fred and wife Judy have three sons, one daughter and six grandchildren. They are pleased that their sons are involved in the family business.







John Penner

John Penner was elected in March 2003 as a Director of the BC Egg Marketing Board representing the Interior region. Farming has been the Penner family's livelihood since John's late father, Victor, founded their Abbotsford farm in 1966. In 1988, John and his wife, Janet, purchased the family farm followed by purchasing a layer operation in Sorrento in 1996 and another operation in Enderby in 1997. Community and family play an integral part in their lives. John has served on a number of non-profit organizations including the Abbotsford Fire Department. Soon after his involvement in egg production, he became active in the Egg Producers Association until his election to the Board. John and Janet continue to reside in Abbotsford. They have four children and eight grandchildren.

Walter Siemens

Walter Siemens has been an egg farmer since 1986. Walter served in various capacities within the poultry industry, from Director on the board of the BC Egg Marketing Board and provincial poultry associations to the executive committee for Egg Farmers of Canada. Additionally, he participated in the Investment Agriculture Foundation of BC and served on a local college board. He was actively involved during the 2004 avian influenza event in the Fraser Valley. This eventually led to his serving as Chair of the Industry Emergency Response Committee. Walt and his wife, Annette, have four children.

Ken Vanderkooi

Ken Vanderkooi was elected as Director of the BC Egg Marketing Board in March 2002 and represents the Vancouver Island area. The Vanderkooi family has been involved in supply management since 1971, initially in the dairy industry until March 1994 when Ken and his wife, Henrietta, purchased an egg farm in Abbotsford, BC. In February 2002, they purchased another farm on Gabriola Island and over the years expanded their production on Vancouver Island. Two of their three sons manage and work the family farms – Dwayne runs the farm on Vancouver Island while Jon manages the home-based farm in Abbotsford. Ken has developed extensive knowledge of egg production and has taken a keen interest in all aspects of the industry. Ken and Henrietta reside in Abbotsford. They have one daughter, three sons, and seven grandchildren.

Officers and Committees 2009 – 2010

Chair
Richard King

Vice-Chair
Fred Krahn

Secretary
John Penner

EFC Director
Fred Krahn

EFC Alternate
Ken Vanderkooi

Finance Committee
Walter Siemens, Chair
Amyn Alibhai
Art Friesen
James Gunther

Egg Industry Advisory Committee
Margaret Oesterle, Chair
Amyn Alibhai
Frank Curtis
Al Dyck
Des Gelz
George Gray
Karen Landon
Rob Martens
Teari Preast
Dwayne Vanderkooi

Marketing Committee
Walter Siemens, Chair
Grace Cho
Les Gammel
James Gunther
John Penner
Brenda Sheffar
Jack Vaandrager
Mike Walsh

Specialty Egg Committee
Margaret Oesterle, Chair
Frank Curtis
Rudy Dueck
Steve Easterbrook
Darren Jansen
Ralph Regehr
Walter Siemens

Production Management Committee
John Penner, Chair
Mike Gillanders
Bodo Goetzke
James Gunther
Jack Vaandrager
Ian Woike

Council Of Marketing Boards
Walter Siemens

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Ad Agency of Record
TBWA\Vancouver

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